Message Text

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INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 ACDA-07 TRSE-00 SAJ-01 /066 R

DRAFTED BY OSD/ISA:HDUNLOP APPROVED BY EUR/RPM:EREHFELD EUR/CE:GHUMPHREY (SUBS)

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R 020318Z MAR 77
FM SECSTATE WASHDC
TO AMEMBASSY BONN
INFO AMEMBASSY LONDON
USNMR SHAPE

CONFIDENTIAL STATE 045885

E.O. 11652: GDS

TAGS: MILI, OCON, AWACS, FRG, NATO

SUBJECT: LETTERS FROM FRG MOD LEBER TO SECDEF

1.QUOTED BELOW FOR YOUR INFORMATION ARE TEXTS OF A LETTER FROM FRG MOD LEBER DATED FEBRUARY 23 TO SECRETARY OF DEFENSE BROWN, AND FROM FRG AMBASSADOR VON STADEN DATED FEBRUARY 24 QUOTING ANOTHER LETTER FROM LEBER. WE DO NOT PROPOSE TO COMMENT ON SUBSTANCE OF LETTERS UNTIL WE HAVE REVIEWED THE VARIOUS ISSUES RAISED THEREIN AND CLARIFIED THE TRANSLATION WHERE UNCLEAR. THEREFORE ADDRESSES SHOULD TAKE NO INITIATIVE IN DISCUSSING THE LETTERS WITH HOST GOVERNMENTS OR INTERNATIONAL STAFF AT NATO. MARCH 15 HAS BEEN SET AS A DATE FOR LEBER VISIT.

2. TEXT OF FEBRUARY 23 LETTER: "MY DEAR COLLEAGUE, CONFIDENTIAL

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I WOULD LIKE TO THANK YOU VERY MUCH FOR YOUR KIND LETTER OF FEBRUARY 1, 1977. I, TOO, HOPE THAT WE SHALL SOON HAVE AN OPPORTUNITY TO MEET PERSONALLY.

PLEASE LET ME ALSO REFER TO THE LETTER BY YOUR PREDECESSOR-IN-OFFICE OF DECEMBER 2, 1976.

I SHARE YOUR CONVICTION THAT IN THE ALLIANCE, WE MUST STILL INCREASE OUR EFFORTS TOWARDS ACHIEVING STANDARDIZED SOLUTIONS AND COOPERATIVE PROJECTS.

IN THE INTEREST OF STRENGTHENING THE SPIRIT OF THE ALLIANCE, JOINT DEVELOPMENTS AND A LARGE-SCALE IMTRODUCTION OF IDENTICAL WEAPON SYSTEMS SHOULD NOT ONLY BE CONSIDERED UNDER THE ASPECT OF UNIFORM LOGISTIC SUPPORT BUT ALSO FROM THE VIEW OF AN INCREASE IN COMBAT EFFICIENCY AND SHOULD GENERALLY BE EMPHATICALLY ADVOCATED, IF POSSIBLE BY ALL PARTNERS. THIS WOU-D HAVF A LASTING POSITIVE EFFECT,

ESPECIALLY ON THE TIES BETWEEN THE EUROPEAN PARTNERS TO THE ALLIANCE. AT THE SAME TIME, WE SHOULD AVOID SETBACKS IN THE FORTHCOMING COOPERATIVE PROJECTS, SINCE THEY WOULD ADVERSELY INFLUENCE THE WILLINGNESS TO COOPERATE, WHICH RECENTLY HAS BECOME MORE AND MORE OBVIOUS. YOU HAVE MENTIONED THE NATO-AEW SYSTEM PRESENTLY DISCUSSED WITHIN THE ALLIANCE. DURING THE DPC-MEETING IN BRUSSELS IN DECEMBER 1976, MY REPRESENTATIVE HAS STATED THAT, ON THE BASIS OF THE OPERATIONAL REQUIREMENTS OF MAJOR NATO COMMANDERS, WE HIGHLY ASSESS THE POSSIBILITIES TO IMPROVE THE DETERRENCE AND DEFENSE CAPABILITIES OF NATO BROUGHT ABOUT BY SUCH A SYSTEO. WE CONDISER THE PROJECT AS A NATO-PROJECT WITH PARTICIPATION OF ALL NATIONS IN PROCUREMENT AND OPERATION TO BE OF HIGH POLITICAL INTEGRATION VALUE.

UNFORTUNATELY, THIS CONFERENCE AND THE RECENT TALKS HELD BY FINANCE EXPERTS HAVE INDICATED THAT IN SEVERAL COUNCONFIDENTIAL

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TRIES, THE PREREQUISITES FOR A DEFINITE DECISION HAD NOT YET BEEN PRESENT. IN THIS CONTEXT, MY MAIN CONCERN ARE THE STILL EXISTING UNCERTAINTIES IN COST ESTIMATES FOR INVESTMENTS, FOLLOW-ON SUPPORT, INTEGRATION AND OPERATION WHICH LEAD TO CONSIDERABLE COST RISKS.

ON FEBRUARY 2, 1977, I HAVE EXPLAINED TO THE FEDERAL SECURITY COUNCIL IN THE PRESENCE OF THE CHANCELLOR OF THE FEDERAL REPUBLIC OF GERMANY THE KNOWN, STILL UNCHANGED CONDITIONS FOR OUR PARTICIPATION IN THE AWACS-PROGRAM. THEY ARE:

- 1) THE MILITARY REQUIREMENTS OF NATO MUST BE MET QUALITATIVELY AND QUANTITATIVELY BY AWACS.
- 2) FOR US, REALIZATION WILL BE POSSIBLE ONLY IN THE FORM OF A NATO-PROJECT WITH PARTICIPATION IN PROCUREMENTS, INTEGRATION AND OPERATION BY ALL PARTNERS IF POSSIBLE.
- 3) FAIR COST SHARING AS WELL AS AN APPROPRIATE INDUSTRIAL PARTICIPATION MUST BE ENSURED IN ADDITION TO AN ECONOMIC COMPENSATION, POSSIBLY INCLUDING OTHER FIELDS.
- 4) THE NATIONAL COST QUOTE MUST BE COMPATIBLE WITH THE REQUIREMENTS OF NATIONAL PLANNING. THIS MEANS THAT NO MARKING-DOWN EFFECT MAY BE PRODUCED WITH REGARD TO OTHER

IMPORTANT PROJECTS.

5) A DECISION BY THE FEDERAL MINISTRY OF DEFENSE REQUIRES THE CONSENT OF BOTH THE CABINET AND PARLIAMENT
AND DEPENDS ON THE CLARIFICATION OF THE REMAINING RELEVANT
FACTORS. IN ADDITION, I HAVE TAKEN STEPS TO PREPARE A
MORE DETAILED ANALYSIS IN MY MINISTRY OF THE COMPENSATION
MENTIONED BY YOU, WHICH SHOULD FULLY CORRESPOND TO THE
POSSIBLE GERMAN SHARE IN AWACS AND MUST BE HANDLED WITHIN
THE SCOPE OF A GENERAL SOLUTION. IN THIS CONTEXT, I
ENVISAGE AN ARRANGEMENT COMPARABLE TO THE ONE MET BETWEEN
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THE USA AND GREAT BRITAIN.

I WOULD APPRECIATE IF, AFTER THE COMPLETION OF THESE STUDIES, WE COULD ENTER INTO A FRUITFUL DISCUSSION ON THIS SUBJECT.

A FAIR COST SHARING IS BASED ON THE VIEW THAT THE FISCAL VALUE GAINED BY THE INDIVIDUAL COUNTRIES FROM PROCUREMENT AND OPERATION OF SUCH A SYSTEM IS INCLUDED INTO THE CONSIDERATIONS. THIS IS WHY THE CHAIRMAN OF THE GERMAN DELEGATION - LIKE REPRESENTATIVES OF OTHER COUNTRIES - HAS INTRODUCED THIS ASPECT INTO THE TALKS OF THE FINANCE EXPERTS IN BRUSSELS. FURTHERMORE, THE GERMAN SIDE, TOO, IS INTERESTED IN MAINTENANCE, REPAIR AND BASIC OVERHAULING OF THE AWACS-FLEET. THESE FACTORS WILL ALSO BE INCLUDED INTO THE CONSIDERATION REGARDING COMPENSATION.

IN AGREEMENT WITH THE FEDERAL SECURITY COUNCIL, I CONSIDER THE SPECIAL MEETING OF THE DEFENSE MINISTERS ON AWACS RECOMMENDED BY THE NATO-SECRETARY GENERAL TO BE USEFUL ONLY AFTER AGREEMENT HAS BEEN REACHED IN ALL PROBLEM AREAS.

WITH REGARD THERETO, I SUPPORT THE VIEW OF OUR BRITISH COLLEAGUE TO INITIATE THE PROJECT ONLY AFTER FINANCING HAS BEEN ASSURED TO ONE HUNDRED PERCENT.

I WOULD LIKE TO STRESS THAT WE ARE NOT IN A POSITION TO ASSUME A FINANCIAL SHARE IN AWACS WHICH WOULD ACCEED THE VIEWS PRESENTED IN DETAIL BY THE GERMAN REPRESENTATIVE IN BRUSSELS. FURTHERMORE, I BELIEVE THAT THE AMERICAN SHARE IN FINANCING THE AWACS-PROGRAM SHOULD BE SIGNIFICANTLY HIGHER THAN THAN THE PRESENT PROPOSALS AND THAT THE GERMAN SHARE SHOULD APPROXIMATELY CORRESPOND TO THE BRITISH SHARE.

I ALSO CONSIDER IT IMPORTANT TO KNOW THAT OUR PARTICIPATION IN THIS PROJECT IS IMAGINABLE ONLY UNDER THE CONCONFIDENTIAL

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DITION OF A FIXED COST CEILING FOR PROCUREMENT, INTEGRATION, FOLLOW-ON SUPPORT AND OPERATION.

DURING THE TALKS ON TANK HARMONIZATION HELD IN BONN ON JANUARY 11 AND 12, 1977, THE SECRETARY OF THE ARMY, NEGOTIATING FOR THE US GOVERNMENT HAS CONVEYED THE DESIRE OF YOUR PREDECESSOR-IN-OFFICE TO DISPENSE WITH THE OVERALL EVALUATION OF THE LEOPARD II BATTLE TANK FOR THE TIME BEING

WE HAVE NOT BEEN IN A POSITION TO FULLY COMPLY WITH THIS WISH, SINCE WE EXPECT THAT THE OVERALL EVALUATION WILL BE CONDUCTED IN DUE TIME. I WOULD LIKE TO ASK YOU TO PROVIDE ME WITH AN APPROPRIATE TIME SCHEDULE, SINCE OTHERWISE A LARGE PORTION OF THE FINANCIAL EFFORT ADDITIONALLY CONTRIBUTED BY US WOULD HAVE BEEN IN VAIN. WE WOULD HAVE DIFFICULTIES IN EXPLAINING THIS TO OUR PARLIAMENT. IT MAY BE ALSO NOT EXCLUDED THAT ON THE PART OF PARLIAMENT, A RELATION MIGHT BE ESTABLISHED WITH OTHER STANDARDIZATION PROJECTS.

DURING THE NEGOTIATIONS ON JANUARY 11, 1977, I HAVE EMPHATICALLY STATED THAT A FAILURE OF THE AGREED BATTLE TANK STANDARDIZATION WOULD HAVE TO RESULT IN CONSIDERABLE EFFECTS ON STANDARDIZATION WITHIN THE ALLIANCE.

ESPECIALLY, WE HAVE PROVED OUR UNDERSTANDIG FOR THE FACT THAT THE PREVIOUS ADMINISTRATION SHOULD NOT COMMIT HER PREDECESSOR-IN-OFFICE. THEREFORE, I WOULD LIKE TO ASK YOU TO DETERMINE IF AN AMERICAN DECISION ON THE CONFIGURATION OF THE BATTLE TANK GUN MAY NOT BE MADE PRIOR TO DECEMBER 1977, ESPECIALLY, SINCE REAL NEW CONCLUSIONS CANNOT BE GAINED IN THE MEANTIME.

DURING THE SAME TALKS, I HAVE STRESSED WITH GREAT EMPHASIS THAT WE CONSIDER THE ADDENDUM 1 TO THE MOU AS A "PACKAGE SOLUTION" WHICH WE WANT TO ADHERE TO AND THAT THE GUN CONFIDENTIAL

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STANDARDIZATION WILL THUS BE POSSIBLE ONLY ON THE BASIS OF THE GERMAN 120-MM SMOOTH-BORE GUN. WE SHALL INTRODUCE THE LEOPARD II INCLUDING THE 120-MM SMOOTH-BORE GUN IN PARLIAMENT IN MARCH 1977, AS AGREED UPON. THIS INTENTION IS SUPPORTED BY OUR AGREEMENT WITH FRANCE, WHICH YOU ARE ACQUAINTED WITH, WHICH PROVIDES FOR THE INTERCHANGEABILITY OF THE 120-MM SMOOTH-BORE AMMUNITION BETWEEN THE BATTLE TANK GUN SYSTEMS.

A VERY SIMILAR REASON MOTIVATES ME TO ASK YOU TO ALSO DIRECT YOUR SPECIAL ATTENTION TO THE ROLAND SYSTEM WHICH

CARRIES A SIGNAL EFFECT FOR EUROPEAN/AMERICAN COOPERATION

WITHIN THE ALLIANCE. IT WOULD BE APPRECIATED IF THE USA COULD ALSO INCLUDE THE ANTI-AIRCRAFT TANK GEPARD IN THE STANDARDIZATION CONSIDERATIONS. BOTH SYSTEMS ALREADY INDICATE A EUROPEAN STANDARDIZATION.

I AM PLEASED TO NOTE THAT, IN ACCORDANCE WITH OUR AGREEMENTS ON THE AAIM-9L PROJECT, FINAL APPROVAL HAS NOW BEEN RECEIVED PROVIDING FOR GERMAN REPRODUCTION WHILE WAIVING REIMBURSEMENT OF DEVELOPMENT COSTS AND LICENCE FEES. I CONSIDER THIS PROCEDURE A PROMISING MODEL TO ACCELERATE STANDARDIZATION WITHIN NATO AND I ASSUME THAT THIS AGREEMENT MAY ALSO BE EXTENDED TO THOSE EUROPEAN NATIONS NOT YET INCLUDED. THE SAME GOAL HAS CAUSED ME TO OFFER GREAT BRITAN OUR 120-MM SMOOTH-BORE GUN AT HER DISPOSAL WAIVING REIMBURSEMENT OF DEVELOPMENTS COSTS.

THIS OFFER GENERALLY APPLIES TO THE ENTIRE LEOPARD II SYSTEM, TOO. BOTH EXAMPLES COULD CONSTITUTE A BASIS FOR THE DEVELOPMENT OF GENERAL PRINCIPLES FOR ARMAMENT COOPERATION WITHIN THE NATO.

WARM REGARDS, SIGNED GEORG LEBER " CONFIDENTIAL

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3. TEXT OF FEBRUARY 24 LETTER: "MY DEAR MR. SECRETARY

THE MINISTER OF DEFENSE OF THE FEDERAL REPUBLIC OF GERMANY, GEORG LEBER, HAS FORWARDED THE FOLLOWING TELEGRAM, WHICH WAS RECEIVED BY THIS EMBASSY TODAY. THE ORIGINAL LETTER WILL BE TRANSMITTED BY DIPLOMATIC COURIER:

'DEAR COLLEAGUE:

I WOULD LIKE TO THANK YOU FOR YOUR LETTER DATED FEBRUARY 18, 1977. I AM LOOKING FORWARD TO MEETING WITH YOU IN THE NEAR FUTURE IN ORDER TO PERSONALLY DISCUSS TOGETHER THE PRINCIPAL PROBLEMS PERTAINING TO THE NORTH-ATLANTIC ALLIANCE. THE AGENDA PROPOSED BY YOU IS APPRECIATED. SINCE THE SUBJECTS ALSO INCLUDE THE "NATO AIRBORNE EARLY WARNING PROGRAM", I WOULD BE GRATEFUL IF THE CONSULTATIONS COULD BE SCHEDULED FOR THE PERIOD BETWEEN 15 AND 18 MARCH, 1977. ICOULD COME TO WASHINGTON DURING THAT PERIOD OF TIME. UNTIL THEN, THE PROCESS OF OPINIONFORMING IN THE FEDERAL REPUBLIC OF GERMANY COULD BE FURTHER PROMOTED. THIS WILL FAVORABLY AFFECT OUR TALKS.

I HOPE THAT THE PROPOSED DATES ARE CONVENIENT FOR YOU.

/S/ GEORG LEBER, MINISTER OF DEFENSE, FEDERAL REPUBLIC OF GERMANY'.

- -- VERY TRULY YOURS,
- (SIGNED) VON STADEN

VANCE

CONFIDENTIAL

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Message Attributes

Automatic Decaptioning: X

Capture Date: 22-Sep-1999 12:00:00 am Channel Indicators: n/a

Current Classification: UNCLASSIFIED

Concepts: AWACS, TEXT, STANDARDS, AIR DEFENSE, DIPLOMATIC COMMUNICATIONS, REGIONAL DEFENSE ORGANIZATIONS, WARNING

Control Number: n/a Copy: SINGLE

Sent Date: 02-Mar-1977 12:00:00 am Decaption Date: 01-Jan-1960 12:00:00 am

Decaption Note: Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009

Disposition Date: 22 Ma Disposition Event: Disposition History: n/a Disposition Reason: Disposition Remarks:

Document Number: 1977STATE045885 Document Source: ADS Document Unique ID: 00 Drafter: OSD/ISA:HDUNLOP

Enclosure: n/a Executive Order: 11652 GDS

Errors: n/a **Expiration:**

Film Number: D770071-1118

Format: TEL From: STATE

Handling Restrictions: n/a Image Path:

ISecure: 1 Legacy Key: link1977/newtext/t197703111/baaaevit.tel

Line Count: 279 Litigation Code IDs:

Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, TEXT ON MICROFILM Message ID: b6a101b0-c288-dd11-92da-001cc4696bcc

Office: ORIGIN EUR
Original Classification: CONFIDENTIAL Original Handling Restrictions: n/a
Original Previous Classification: n/a Original Previous Handling Restrictions: n/a Page Count: 6

Previous Channel Indicators:
Previous Classification: CONFIDENTIAL Previous Handling Restrictions: n/a

Reference: n/a Retention: 0

Review Action: RELEASED, APPROVED

Review Content Flags: Review Date: 23-Nov-2004 12:00:00 am

Review Event:

Review Exemptions: n/a **Review Media Identifier:** Review Release Date: n/a Review Release Event: n/a Review Transfer Date: Review Withdrawn Fields: n/a

SAS ID: 2964272 Secure: OPEN Status: NATIVE

Subject: LETTERS FROM FRG MOD LEBER TO SECDEF TAGS: MILI, OCON, GE, US, NATO, (BROWN, HAROLD), (LEBER, GEORG) To: BONN INFO LONDON MULTIPLE

Type: TE

vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/b6a101b0-c288-dd11-92da-001cc4696bcc Review Markings:

Margaret P. Grafeld Declassified/Released **US Department of State** EO Systematic Review 22 May 2009

Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009